

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
MAY 9, 1996

The Members of the Department of Financial Institutions met at 9:00 a.m., EST, at 402 West Washington Street, Room W-066, Indianapolis, Indiana, on Thursday, May 9, 1996. Members present were Messrs. Mark Hasten, Chairman; W. Paul Wolf, Vice Chairman; Norman Lowery and Mrs. Dee Godme. Also present from the Department were Charles W. Phillips, Director; J. Philip Goddard, Chief Counsel, Deputy Director, Non-Depository Institutions and Secretary; James M. Cooper, Deputy Director, Depository Institutions; Randall L. Rowe, Bank Supervisor; Kirk J. Schreiber, Senior Bank Analyst; Gina R. Williams, Senior Bank Analyst; Mark K. Powell, Supervisor, Credit Unions; Donna Kaye, Assistant to Division Supervisor, Consumer Credit Division; Chuck T. Stumpf, Deputy Director, Administrative Division; Virginia Stowers, Accounting Supervisor, Administrative Division and Ronda Bailey, Administrative Secretary. Representing Indiana Members Trust Company were; Mac Martin, Steve Hyatt, and Donna Hasty. Also attending the meeting were Steve Kellams from Owen Community Bank, s.b., Spencer, Indiana; Millie Cox, from Indiana Credit Union League; Bill King and Tom Williams from the Indiana Bankers Association. Board Members R. Douglas Grant and Tony Zaleski were absent.

I. PUBLIC SESSION

- A.) Attendance**
- B.) Date of next meeting: August 8, 1996 at 9:00 a.m., EST.**
- C.) A motion was made for approval of the minutes of the meeting held March 14, 1996, by Mrs. Dee Godme and was seconded by Mr. Lowery. The minutes were unanimously approved.**

DIVISION OF CREDIT UNION

1.) Marion County Farm Bureau Co-Op Credit Union, Indianapolis, Marion County, Indiana

This application was presented by Mark K. Powell, Supervisor, Credit Union Division. Marion County Farm Bureau Co-Op Credit Union, Indianapolis, Marion County, Indiana has applied to the Members of the Department for approval of a merger with Hoosier Farm Bureau Credit Union, Indianapolis, Marion County, Indiana. This merger has been approved by the National Credit Union Administration, and the surviving institution (Hoosier Farm Bureau Credit Union) will be a state chartered federally insured credit union. The Department staff recommended approval of this application. A motion for approval was made by Mrs. Godme and was seconded by Mr. Lowery. The application was unanimously approved.

DIVISION OF BANK AND TRUST COMPANIES

1.) First Merchants Corporation, Muncie, Delaware County, Indiana

This application was presented by Mr. Kirk J. Schreiber, Senior Bank Analyst. First Merchants Corporation ("First Merchants") has applied to the Members of the Department, pursuant to IC 28-2-14, for approval to acquire 100% control of Union National Bancorp, ("Union"), Liberty, Union County, Indiana, and thereby acquire its wholly-owned subsidiary The Union County National Bank ("Union County National"), Liberty, Union County, Indiana. Upon consummation, Union County National will continue to exist as a separate entity and will conduct business as a wholly-owned subsidiary of First Merchants.

The proposed transaction consists of an exchange of 4.86 shares of First Merchants common stock for each of the issued and outstanding shares of Union's common stock. First Merchants anticipates issuing up to a maximum of 942,685 shares of its common stock in the proposed transaction. Using a market value of \$27.00 per share for First Merchants common stock as of February 29, 1996, the total value of First Merchants stock to be received by Union's shareholders would be approximately \$25,452,495. This represents \$131.22 per common share of Union. The book value of Union's common stock at December 31, 1995, was \$77.57. This represents a purchase price premium of \$53.65 or 1.69x book value.

Mr. Schreiber reported that the pro forma combined financial statements as of December 31, 1995, reflect a tier one leverage capital ratio of 10.77% for First Merchants. Pro forma total assets for the same date were \$942 million and total equity capital of \$103 million. It is anticipated that the Federal Reserve Bank of St. Louis will approve the application on or before May 31, 1996.

It is the staffs opinion that the criteria for acquisition that is set forth in IC 28-2-14-12 have all been satisfied. A motion for approval of the application was made by Mr. Wolf and seconded by Mr. Lowery. The application was unanimously approved.

2.) Fort Wayne National Corporation, Ft. Wayne, Allen County, Indiana

This application was presented by Mr. Kirk J. Schreiber, Senior Bank Analyst. Fort Wayne National Corporation ("FW National") has applied to the Members of the Department, pursuant to IC 28-2-14, for approval to acquire 100% control of Valley Financial Services, Inc., ("Valley"), Mishawaka, St. Joseph County, Indiana, and thereby acquire its wholly-owned subsidiary Valley American Bank and Trust Company ("Valley American"), South Bend, St. Joseph County, Indiana. Upon consummation, Valley American will continue to exist as a separate entity and will conduct business as a wholly-owned subsidiary of FW National.

The total merger consideration payable to all shareholders of Valley will be equal to (a) \$53 million in cash; (b) approximately \$20 million in FW National common stock; and (c) \$37 million in FW National preferred stock. This represents a total purchase price of \$110

million. The cash consideration will be allocated by converting each of Valley's preferred shares to \$16.50 per share and each of Valley's common shares to \$254.68 per share. Valley's common stock shareholders will also receive FW National common stock determined by dividing \$20 million by FW National's common stock average price. Using a market value of \$30.50 per share for FW National's common stock as of April 19, 1996, the exchange ratio would be 3.2 shares of FW National's common stock for each issued and outstanding share of Valley's common stock. In addition, each of Valley's common stock shares will receive 3.613 shares of FW National's preferred shares. The total transaction represents a purchase price premium of \$252.06 or 1.9x book value.

Mr. Schreiber reported that the pro forma combined financial statements as of December 31, 1995, reflect a tier one leverage capital ratio of 7.2% for FW National. Pro forma total assets for the same date were \$3.1 billion and total equity capital of \$291 million. The Federal Reserve Bank of Chicago approved this application on April 16, 1996.

The staff recommends approval as the criteria for acquisition in IC 28-2-14-12 have all been satisfied. A motion for approval of the application was made by Mr. Wolf and seconded by Mrs. Godme. The application was unanimously approved.

3.) **Crawford Financial Corporation, Indianapolis, Marion County, Indiana**

Mr. Kirk J. Schreiber, Senior Bank Analyst, presented the application to the Members. On April 19, 1996, the Department received an application from Crawford Financial Corporation, ("CFC"), for the change of control of Marengo State Bank ("Marengo") Marengo, Crawford County, Indiana, pursuant to IC 28-1-2-23. CFC, a newly formed bank holding company intends to acquire 71.4% of the voting shares of Marengo. Officers of CFC are President Keith Gilbert and Secretary/Treasurer Edward Boedeker.

Mr. Gilbert has entered into a Stock Purchase Agreement with Gido and Dorothy Atkins and Dennis and Lauretta Prechtel. The agreement calls for the Atkins' to sell 5,817 shares of common stock and 1,870 shares of preferred stock and the Prechtels' 5,747 shares of common stock and 4,180 shares of preferred stock to Mr. Gilbert for a total of 11,564 shares of common stock and 6,050 shares of preferred stock. The agreement calls for a purchase price of \$70.25 per share for common stock and \$100 per share for preferred stock. Mr. Gilbert has assigned and transferred his rights to purchase 11,564 shares of common stock and 1,000 shares of preferred stock to CFC. Thus, the total purchase price consideration for CFC will be \$912M.

CFC will be capitalized by the liquidation of personal assets by Mr. Gilbert and cash from Mr. Boedeker and other investors. No debt will be incurred by any of the investors. Mr.

Gilbert is a self-employed investment consultant and Mr. Boedeker is a retired Plant Manager from Tokheim Corporation. Mr. Schreiber indicated the change of control will have little or no effect on Marengo. CFC does not plan any major management changes with the exception of adding Mr. Gilbert and removing Mr. and Mrs. Prechtel from the board of directors.

The Federal Reserve Bank of St. Louis approved the formation of CFC on April 2, 1996. The FDIC issued a letter of NO Comment dated March 15, 1996, expressing their intent not to disapprove the change of control.

It is the staff's opinion that the applicant has satisfied that: 1) the corporation and individuals are qualified by character and financial responsibility to control and operate the bank in a legal and proper manner; and 2) the interests of the stockholders, depositors, and creditors of the bank and the interests of the public, generally, will not be jeopardized by the proposed change of control. A motion for approval was made by Mr. Wolf and seconded by Mr. Lowery. The motion was unanimously passed.

4.) **Salin Bank and Trust Company, Indianapolis, Marion County, Indiana**

Mr. Kirk J. Schreiber, Senior Bank Analyst, presented the application. Salin Bank and Trust Company ("Salin Bank") applied to the Members of the Department for approval to merge with Columbus Bank and Trust Company ("Columbus Bank") Columbus, Bartholomew County, Indiana, pursuant to IC 28-1-7. Salin Bank will be the surviving entity of the merger. Following the merger, the main office and branches of Columbus Bank will become branches of Salin Bank.

Salin Bank is 100% owned by Salin Bancshares, Inc., Indianapolis, Indiana, and Columbus Bank is 100% owned by Columbus Bancorp, Inc., Indianapolis Indiana. Salin Bank and Columbus Bank are considered affiliates by virtue of common ownership of the shares of the two holding companies. Upon the effective date of the merger Columbus Bancorp, Inc. will receive 24,000 shares or 24% of the resultant bank, and Salin Bancshares, Inc. will receive 76,000 shares or 76% of the resultant bank.

The resulting bank will have an adequate Tier 1 capital ratio of 8.82%. The relevant geographic markets of both banks are not overlapping, and the banks do not compete with one another. With respect to the management of resultant bank, Salin Bank anticipates the following changes: (1) The board of directors of Columbus Bank will join the board of directors of Salin Bank to form the board of directors of resultant bank; (2) William N. Salin, II, CEO of Salin Bank, will remain as CEO of resultant bank; and (3) all other officers of Salin Bank and Columbus Bank will retain their titles as they are currently with the addition to their titles of Columbus Regional, Logansport Regional or Lafayette Regional.

The Department staff recommended approval of this application. A motion for approval was made by Mrs. Godme and seconded by Mr. Lowery. The application was unanimously approved.

5.) **Owen Community Bank, SB, Spencer, Owen County, Indiana**

Ms. Gina R. Williams, Senior Bank Analyst, presented the application to the Members. Steve Kellams from the law firm of Barnes and Thornburg was present to represent the applicant. Owen Community Bank, SB, applied to the Members of the Department of Financial Institutions for approval of a Plan of Conversion, whereby the institution will convert from an Indiana mutual savings bank to an Indiana stock savings bank, pursuant to the provisions

of IC 28-1-21.9. In connection with the conversion, a holding company to be known as "Home Financial Bancorp" was formed to acquire all of the bank's stock.

Ms. Williams stated that as of March 31, 1996, the bank had total assets of approximately \$33,900,000.00 and retained income of approximately \$3,300,000.00. Retained income represents 9.85% of total assets as of the same date.

On February 26, 1996, the Board of Directors authorized the officers of the mutual savings bank to obtain all necessary regulatory approval to consummate the plan of conversion pursuant to which the bank will convert to an Indiana stock savings bank. For such a conversion to take place, the Department must approve the plan of conversion.

Under the Plan of Conversion, the holding company will offer for sale up to 655,500 shares of common stock. Ms. Williams directed the Members' attention to page 3 of their outline which detailed who is eligible to purchase the stock and in what order of priority. The minimum number of shares which can be purchased is 25 and the maximum number is 10,000.

Anticipated stock purchases by directors, executive officers, and their interests is 36,050 which represents 6.32%, assuming 570,000 shares are sold. Ms. Williams informed the Members that the Office of Thrift Supervision guidelines allow insiders to purchase 35% of the shares issued in a conversion and that page 4 of the Members' outline listed the individual anticipated purchases by each of the insiders.

The plan of conversion also calls for the submission of a Management Recognition and Retention Plan and a Stock Option Plan to the shareholders of the holding company at least six months after the plan of conversion. If approved, Owen Community Bank would contribute funds to acquire 4% of the shares of common stock issued in the conversion for the Management Recognition and Retention Plan. An amount equal to 10% of the shares issued in the conversion would be reserved to be granted under the Stock Option Plan.

Ms. Williams also informed the Members that the bank intends to enter into employment contracts with the President, Vice President and Chief Financial Officer, and the Chairman of the Board.

A special meeting of the bank's Members will be held at which time the plan of conversion must be approved by not less than a majority of the total outstanding votes of the members.

A full scope examination was conducted jointly by the Department and the FDIC as of February 17, 1995. A satisfactory rating was assigned to the bank as a result of the examination. A compliance examination conducted by the FDIC as of June 6, 1995, also assigned a satisfactory rating for both Consumer Compliance and Community Reinvestment.

In summary, the bank is considered to be operated in a safe, sound, and prudent manner. The bank maintains adequate capital and is profitable. The proposed transaction will not jeopardize the interests of the depositors, creditors, or the public. Therefore, it is the staff's recommendation that the application be approved.

A motion for approval was made by Mr. Lowery and was seconded by Mr. Wolf. The motion was unanimously approved.

6.) **Tell City National Bank, Tell City, Perry County, Indiana**

Ms. Gina R. Williams, Senior Bank Analyst, presented the application to the Members. Tell City National Bank ("Tell City") has applied to the Members of the Department for approval of a Plan of Charter Conversion pursuant to the provisions of IC 28-3-2-1 whereby the bank will convert from a national association to a state chartered bank. The name of the state chartered bank will be "Tell City Bank".

As of December 31, 1995, the bank had total assets of \$166.7 million and total equity capital of \$14.6 million.

A full scope examination of Tell City was conducted jointly by the Department and the Federal Reserve of St. Louis as of January 27, 1996. As a result of the examination, a satisfactory CAMEL rating was assigned.

The bank's three-year average return on assets is 1.14%. As of December 31, 1995, the bank's ROA is 1.10%. Tier 1 leverage capital as of December 31, 1995, is 7.79%.

IC 28-3-2-1 provides for the approval of the conversion of a national banking association into a state chartered institution if the resulting bank meets the standards as to location, condition of assets, capital structure, and quality of management. Tell City meets the standards provided for in IC 28-3-2-1.

A motion for approval of the application was made by Mr. Wolf and seconded by Mrs. Godme. The application was unanimously approved.

7.) **Indiana Members Trust Company, Indianapolis, Marion County, Indiana**

Mr. James M. Cooper, Deputy Director, led the presentation of the application by informing the Members of the Department that Indiana Members Trust Company ("Indiana Members") has submitted additional information on their application and has asked that the Members reconsider their application. Mr. Cooper introduced the individuals representing Indiana Members and summarized the staff's recommendation on the application.

Mr. Kirk J. Schreiber, Senior Bank Analyst, summarized the application. Mac J. Martin, as incorporator, has applied to the Department for approval to form a State-chartered corporate fiduciary. Indiana Members will be a non-depository corporate fiduciary which will be a Credit Union Service Organization ("CUSO") of Indiana Federal Credit Union, Indianapolis, Marion County, Indiana ("Indiana Federal"). Indiana Members Financial Services, Indianapolis, Marion County, Indiana ("Indiana Financial"), a wholly-owned CUSO of Indiana Federal will be the sole shareholder of Indiana Members. The proposed corporate fiduciary plans to provide personal trust and employee benefit services. Indiana Members will operate one office located at 1901 Broad Ripple Avenue, Indianapolis, Indiana.

Mr. Schreiber then discussed the application in relation to each of the five application approval factors.

Factor #1: The financial standing and character of the incorporators, organizers, directors, principal shareholders, and controlling corporations. Indiana Federal is a \$321 million credit union which serves 72,000 credit union members. Indiana Federal has grown over \$43 million in the last two years. Indiana Federal is regulated by and is in good standing with the National Credit Union Administration ("NCUA"). The balance sheet and income statements for Indiana Federal and Indiana Financial were reviewed and deemed adequate. Background investigations were conducted on Mr. Martin and all of the proposed directors of the corporate fiduciary. No unfavorable responses were noted during the background investigations of these individuals. Mr. Phillips stated the staff recommended approval of this factor.

Factor #2: The character, qualifications and experience of the officers and directors of the proposed financial institution. The proposed corporate fiduciary expects to have an initial staff of three individuals, which will include one full-time officer, one part-time officer and one part-time clerical. Mr. Martin will serve as Director, President, and CEO for Indiana Members. James W. Beamish will serve as Trust Officer responsible for the day-to-day operation of the corporate fiduciary. Mr. Beamish has twelve (12) years trust experience. Both Mr. Martin and Mr. Beamish are attorneys. The proposed directors are all well known and active in the community and either serve as officers or directors of Indiana Federal. No unfavorable responses were noted during the background investigation of these individuals. Mr. Phillips stated the staff recommended approval of this factor.

Factor #3: The future earnings for the proposed financial institution. Indiana Members will start with \$1.5 million in capital. The projected income figures reflect a capital degenerazation of \$152M before a profit is realized in year five. Indiana Members project assets under administration to grow from \$5 million after year one to \$33 million after year five. Indiana Members intends to affiliate with other credit unions to offer fiduciary services. The number of credit unions will grow from one to eight and the number of credit union members will grow from 72M to 190M during the same time frame over the first five years. The asset and income projections are considered to be reasonable. Mr. Phillips stated the staff recommended approval of this factor.

Factor #4: The adequacy of the financial institution's proposed capital. The \$1.5 million starting capital will be funded by Indiana Federal through Indiana Financial as sole shareholder. Indiana Members proposed capital level is the highest amount proposed for a corporate fiduciary in Indiana and, combined with the pro forma financial information, the proposed target market and the proposed strategies, capital appears to be adequate. Mr. Phillips stated the staff recommended approval of this factor.

Factor #5: The convenience and needs of the community to be served by the proposed financial institution. Indiana Members plans to provide a variety of fiduciary services; however, the emphasis will be placed on 403(b) employee benefit plans. Indiana Federal believes that within the Indiana Credit Union System there is a strong demand for trust

services. While there exists a formidable number of trust providers in the central Indiana market, none of the providers are directly addressing the credit union market. Indiana Members' business plan clearly states they will target credit union members in central Indiana; however, the proposed corporate fiduciary will be open to the public and would accept any non-member account. Of the 72,000 Indiana Federal credit union members, 11% have household incomes over \$100M and 14% are over the age of 55. These credit union members are strong candidates for trust services. Indiana Members has demonstrated that the population, population growth, industry of the area, wealth, existing financial services, local opinion and other factors meet the statutory requirements for convenience and needs pursuant to IC 28-11-5-4 and that there is a public necessity for a corporate fiduciary in central Indiana.

Mr. J. Philip Goddard, Chief Counsel, addressed the contradiction of state and federal law concerning (1) CUSO's must primarily serve its members (Both state and federal law) and (2) applicant for a corporate fiduciary must establish that convenience and needs of the community exists. Mr. Goddard discussed his legal analysis of the issue which concluded that the legislature clearly provided for credit unions to form CUSO's which could serve as a corporate fiduciary. Because of the wording of the statute which states, "Notwithstanding any other law a credit union or group of credit unions may establish a credit union service

organization that is a corporate fiduciary," there is a presumption that the legislature recognized the possible contradictions. Thus, the Members must remove the convenience and needs issue from consideration. Mr. Phillips stated the staff recommended approval of this factor.

A general discussion of the application followed the staff's presentation. A brief discussion by the Members was followed by individuals from the public commenting on the application. Those individuals speaking in favor of the application included Mac Martin, Indiana Members Trust Company, Millie Cox, Indiana Credit Union League, and Bill King, Indiana Bankers Association. No negative comments were made on behalf of the general public. A motion for approval of the application was made by Mr. Lowery and seconded by Mrs. Godme. The application was unanimously approved.

DIRECTOR'S COMMENTS AND REQUESTS

- A) In the February Members meeting Charles Stumpf, Deputy Director, Administrative Division informed the Members that the Department management and staff members of the Governors office had identified a number of potential reductions/ eliminations related to fees assessed by the Department. Charles Stumpf gave the Members copies of the fee reductions/eliminations of specific fees effective for the current fiscal year ending 6-30-96 and asked that the Members consider these fee reductions which would need their approval at the May 9, 1996 meeting. The following divisions were:

1. Consumer Credit Division
2. Bank, Trust, and Savings & Loan Division
3. Credit Union Division

Donna Kaye, Assistant to Division Supervisor, Consumer Credit Division informed the Members that the main focus of the Consumer Credit Division was to eliminate some of the application fees for licenses on Budget Service Companies, check cashers and money transmitters and also reduce the annual license fees. Chuck Stumpf explained the proposed fee reductions/eliminations rebate to the Members. A motion for approval of the fee rebate reductions/eliminations was made by Mrs. Godme and seconded by Mr. Lowery. The motion was unanimously approved. The fee rebate schedule will be made part of the official records.

- B) The staff presented the proposed fee schedule for the fiscal year ending June 30, 1997, for the Consumer Credit Division, Bank Division, and Credit Union Division. Charles T. Stumpf, Deputy Director, Administrative Division, explained the proposed fee schedule, which will be made part of the official records. A motion for approval of the fee schedule was made by Mr. Wolf and seconded by Mrs. Godme. The motion was unanimously approved.
- C) **First of America Bank-Indiana, Indianapolis, Marion County, Indiana**
The bank notified the Department that they have closed their branch banking office which was known as "Ohio Street Branch" located at 139 East Ohio Street, Indianapolis, Marion County, Indiana. The office was closed on February 22, 1996 at 6:00 P.M. This item was for informational purposes only.
- D) **PNC Bank, Indiana, Inc., New Albany, Floyd County, Indiana**
The bank notified the Department that they have closed their branch banking office which was known as "Borden Branch" located at 614 East Water Street, Borden, Clark County, Indiana. The office was closed on April 12, 1996 at 6:00 P.M. This item was for informational purposes only.
- E) Mr. Phillips, Director, advised the Members of actions taken pursuant to delegated authority and asked for any questions regarding clarifications of the actions, which are as follows:

BANK DIVISION

- 1.) **STAR FINANCIAL BANK, INDIANAPOLIS, MARION COUNTY, INDIANA**
The bank has applied for approval to relocate the main office from 300 N. Meridian Street, Indianapolis, Marion County, Indiana to 735 Main Street P.O. Box 1516000, Anderson, Madison County, Indiana. The application was received on February 14, 1996. The proposed main office is currently operated as a branch, therefore no additions to the bank's fixed asset accounts are anticipated. The proposed main office is a three story building consisting of 6,264 square feet. The bank currently leases the main office at 300 N. Meridian. President Osborne Morgan stated the bank would continue to pay the lease payments until the expiration of the lease in January, 1998, even though the bank will close the facility and not utilize the space. The bank received a satisfactory CAMEL rating as a result of a FDIC

examination as of June 30, 1995. The bank's three-year average ROA is 1.16%. As of September 30, 1995, the Tier I leverage capital ratio is 6.12%. The investment in total fixed assets to total capital will remain the same at 31.38%. After the relocation of the main office and closure of the facility at 300 N. Meridian Street, the institution will have eleven branches. The request was approved by the Director under Delegated Authority on March 18, 1996.

2.) **DFI FORM 1011**

The Staff of the Department is requesting approval of **DFI Form 1011** which is the **Application for Admission as a Foreign Corporation** pursuant to I.C. 28-1-22. The effective date of the revised form will be March 18, 1996. The request was approved by the Director under Delegated Authority on March 18, 1996. The application will be placed in the official Minute Book.

3.) **FIFTH THIRD BANK OF CENTRAL INDIANA, INDIANAPOLIS MARION COUNTY, INDIANA**

The bank has applied to the Department for permission to amend Section 7(g) of its Articles of Reorganization. The amendment states "The Board of Directors of the Corporation shall not be less than five (5) nor more than eighteen (18) persons as may be specified from time to time by the bylaws." The request was approved by the Director under Delegated Authority on March 18, 1996.

4.) **CENTIER BANK, WHITING, LAKE COUNTY, INDIANA**

The bank has applied for approval to establish a temporary banking facility to be located at **404 West, U.S. Highway 6, Valparaiso, Porter County, Indiana**. The application was received on March 11, 1996. The proposed temporary facility is a 2,900 square foot building located approximately one-half block west of the building the bank is currently in negotiations with the owners of to establish the permanent facility. The temporary facility is to be leased from Rudolf and Frances Sutton for \$1,600 per month. The term of the lease is for one year beginning April 1, 1996, and ending March 31, 1997. The bank received a satisfactory CAMEL rating as a result of a DFI examination as of September 30, 1995. The bank's three-year average ROA is 1.15%. As of September 30, 1995, the Tier I leverage capital ratio is 6.25%. The investment in total fixed assets to total capital will remain the same at 16.11% since the bank is leasing the facility and furniture and fixtures to be used are already owned by the bank. After the establishment of the temporary facility, the institution will have twenty-two branches. This was approved by the Director under Delegated Authority on March 26, 1996.

5.) **PEOPLE'S TRUST COMPANY, BROOKVILLE, FRANKLIN COUNTY, INDIANA**

The bank has applied for approval to establish a full service branch banking office to be located at **2105 N State Road 3, Greensburg, Decatur County, Indiana**. The application was received on January 24, 1996, and will be known as "**People's Trust Company - Jay C Branch**." The proposed branch, which will be located in a Jay C Supermarket, and occupy 1,025 square feet. The proposed branch includes three teller stations, a drive-thru window, an office and a supply office. The bank will be leasing the space from John R. Groub Company, Seymour, Indiana, with an annual rental of \$17.4M. It is estimated that there will

be \$150M worth of leasehold improvements to make the site into a banking facility. Furniture, fixtures, and equipment costs are estimated at \$61M. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a satisfactory CAMEL rating as a result of a DFI examination as of September 30, 1995. The bank's three-year average ROA is 1.18%. As of September 30, 1995, the Tier I leverage capital ratio is 7.07%. The investment in total fixed assets to total capital will increase from 15.78% before the bank's proposed branch to 16.88% following the establishment of the proposed branch. This will be the institution's fourteenth branch. The request was approved by the Director under Delegated Authority on March 26, 1996.

6.) **LAKE CITY BANK, WARSAW, KOSCIUSKO COUNTY, INDIANA**

The bank has applied for approval to establish a full service branch banking office to be located at **58404 State Road 19, Elkhart, Elkhart County, Indiana**. The application was received on February 5, 1996, and will be known as **"Lake City Bank - Hubbard Hills Office."** The proposed branch is a 1,288 square foot, one story, brick building. It includes a total of four teller stations, three interior and one drive-thru. The bank will purchase the property for \$225M. The estimated cost for constructing the branch is \$350M. Furniture, fixtures, and equipment costs are estimated at \$133M. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a satisfactory CAMEL rating as a result of a DFI examination as of March 31, 1995. The bank's three-year average ROA is 1.05%. As of September 30, 1995, the Tier 1 leverage capital ratio is 6.26%. The investment in total fixed assets to total capital will increase from 33.80% to 35.55% following the establishment of the proposed branch. This will be the institution's thirtieth branch. The request was approved by the Director under Delegated Authority on March 26, 1996.

7.) **REPUBLIC SAVINGS BANK, RICHMOND HEIGHTS, CUYAHOGA COUNTY, OHIO**

An application from Regional Savings Bank ("Regional") was received by the Department on January 30, 1996, for admission as a foreign corporation to transact business in the State of Indiana in accordance with the provisions of IC 28-1-22. Regional was incorporated as a Ohio state chartered stock savings bank on July 30, 1994. Regional is a wholly-owned subsidiary of Regional Bancorp Inc., Owosso, Michigan. Regional intends to open a loan production office ("LPO") in Indiana and offer residential, consumer and commercial lending. Regional's proposed place of business will be 201 South Capital, Suite 650, Indianapolis, Indiana. Regional has appointed Davida Henson, 955 Randall Road, Plainfield, Indiana, as resident agent for service of legal process. The request was approved by the Director under Delegated Authority on March 26, 1996.

8.) **FIFTH THIRD BANK OF CENTRAL INDIANA, INDIANAPOLIS, MARION COUNTY, INDIANA**

A total of four applications have been received from the bank for permission to establish full service branch banking facilities. Three of the branches will be leased and the fourth will be constructed by the bank. All four branch applications were received on February 23, 1996. No insider relationship exists between any insiders of the bank and any of the parties

involved. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the FRB as of September 30, 1995. The bank's three-year average ROA is .79%. As of September 30, 1995, the Tier 1 leverage capital ratio is 8.63%. The investment in total fixed assets to total capital will increase from 10.86% before the additions of the four proposed branches to 12.09% following the additions.

The first branch will be known as **Fry Road Banking Center** and will be located at **State Road 135 and Fry Road, Greenwood, Johnson County, Indiana**. The proposed branch is a 2,800 square foot, one story building consisting of five teller stations, a 650 square foot lobby, three offices, a conference room, and an employee lounge. The bank is purchasing the land from Copenhaver & Carter Developers for \$412M. The cost to construct the building is estimated at \$400M. Furniture, fixtures, and equipment costs are approximated at \$140M. This will be the institutions twenty-eighth branch. The request was approved by the Director under Delegated Authority on April 4, 1996.

9.) **FIFTH THIRD BANK OF CENTRAL INDIANA, INDIANAPOLIS, MARION COUNTY, INDIANA**

The second branch will be known as **Fishers Crossing Banking Center** and will be located at **7272 Fishers Crossing Drive, Fishers, Hamilton County, Indiana**. The proposed branch is 700 square foot consisting of one office and four teller stations located inside a Kroger Supermarket. The applicant is leasing the space from the Kroger Company, Cincinnati, Ohio, with an annual rental of \$21,600. The lease matures in five years but has a renewal option for an additional five years. Furniture, fixtures and equipment costs are approximated at \$85M. This will be the institution's twenty-ninth branch. The request was approved by the Director under Delegated Authority on April 4, 1996.

10.) **FIFTH THIRD BANK OF CENTRAL INDIANA, INDIANAPOLIS, MARION COUNTY, INDIANA**

The third branch will be known as **Meridian Parke Banking Center** and will be located at **3100 Meridian Parke Drive, Greenwood, Johnson County, Indiana**. The proposed branch is 700 square foot located inside a Kroger Supermarket. It includes a total of four teller stations and one office. The applicant is leasing the space from The Kroger Company, Cincinnati, Ohio with an annual rental of \$21,600. The term of the lease is five years but has a renewal option for an additional five years. Furniture, fixtures and equipment costs are approximated at \$85M. This will be the institution's thirtieth. The request was approved by the Director under Delegated Authority on April 4, 1996.

11.) **FIFTH THIRD BANK OF CENTRAL INDIANA, INDIANAPOLIS, MARION COUNTY, INDIANA**

The fourth branch will be known as **Broad Ripple Banking Center** and will be located at **1036 East 62nd Street, Indianapolis, Marion County, Indiana**. The proposed branch is a 2,400 square foot building which includes a total of five teller stations, three offices, one conference room, and an employee lounge. The applicant is leasing the space from Wolf Investment, an Indiana General Partnership, Indianapolis, IN. Annual rental payments range from \$36,000 commencing on March 1, 1996, and gradually increase to \$43,800.00 commencing on March 1, 2002. The term of the lease is for five years and has two 5-year

options. Furniture, fixtures and equipment costs are approximated at \$140M. This will be the institution's thirty-first branch. The request was approved by the Director under Delegated Authority on April 4, 1996.

12.) **1ST SOURCE BANK, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**

The bank has applied for approval to establish a full service branch banking office to be located at **800 Main Street, Rochester, Fulton County, Indiana**. The application was received on February 7, 1996, and will be known as "**1st Source Bank**." The proposed branch will be located in a 1,560 square foot, first floor office in a downtown Rochester building. The proposed branch includes two teller stations. The bank will be leasing the space from the Rochester Telephone Company, Rochester, Indiana with an annual rental of \$9,360. It is estimated that there will be \$157.5M worth of leasehold improvements to make the site into a banking facility. Furniture, fixtures, and equipment costs are estimated at \$66M. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a satisfactory CAMEL rating as a result of a joint DFI and Federal Reserve Bank of Chicago examination as of March 31, 1995. The bank's three-year average ROA is 1.24%. As of December 31, 1995, the Tier I leverage capital ratio is 8.37%.

The investment in total fixed assets to total capital will increase from 12.86% before the additions of the bank's two proposed branches to 13.09% following the additions. This will be the institution's thirty-fifth branch. The request was approved by the Director under Delegated Authority on April 4, 1996.

13.) **1ST SOURCE BANK, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**

The bank has applied for approval to establish a full service branch banking office to be located at **500 Boundary Line Road, Chesterton, Porter County, Indiana**. The application was received on February 7, 1996, and will be known as "**1st Source Bank**." The proposed branch will be located in a 525 square foot office in the Indian Oak Resort. The proposed branch includes three teller stations, two interior and one drive-thru. The bank will be leasing the space from Shoppes of Indian Oak Resort, Chesterton, Indiana with an annual rental of \$16,400. It is estimated that there will be \$93M worth of leasehold improvements to make the site into a banking facility. Furniture, fixtures, and equipment costs are estimated at \$45.5M. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a satisfactory CAMEL rating as a result of a joint DFI and Federal Reserve Bank of Chicago examination as of March 31, 1995. The bank's three-year average ROA is 1.24%. As of December 31, 1995, the Tier I leverage capital ratio is 8.37%. The investment in total fixed assets to total capital will increase from 12.86% before the additions of the bank's two proposed branches to 13.09% following the additions. This will be the institution's thirty-fifth branch. The request was approved by the Director under Delegated Authority on April 4, 1996.

14.) **DFI Form 1005**

The Staff of the Department is requesting approval of DFI Form 1005 which is the Application to Establish a branch banking Office or Offices pursuant to I.C 28-2-13. The effective date of this Revised form will be April 30, 1996. This was approved by the Director under Delegated Authority on April 30, 1996. The application will be placed in the official Minute Book.

DIVISION OF CONSUMER CREDIT

- 1.) A request for a pawnbroker license is made by Tim and Jerry Denny d/b/a Southside Pawn Shop. Mr. Tim Denny has been managing this pawnshop since May of 1993. It is located at 711 E. Thompson Road in Indianapolis in a shopping center. Jerry Denny is Tim's father and will not be involved in the day to day operation of the pawnshop. He is a middle school teacher in Bloomington. A personal interview was made with the applicants. Neither Deputy Director Goddard, Field Supervisor Bane or Division Supervisor Tarpey have any problem with the apparent intentions or honesty of the applicants. They are fully aware of all requirements under the statute. It is recommended that the license be issued. The request was approved by the Director under Delegated Authority on April 3, 1996.
- 2.) Rancho Vista Mortgage Corporation has applied for a consumer loan license. They are based in Orange, California. They currently operate in 6 states. They will be making second mortgage loans in Indiana using local title companies for closing. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on April 3, 1996.
- 3.) Advanta Finance Corporation has applied for a loan license. They are based in San Diego, California. They plan on establishing a local office at some point prior to opening. They are currently operating in 8 states. It is recommended that the license be issued. The request was approved by the Director under Delegated Authority on April 3, 1996.
- 4.) Equi-Financial, L.P. is requesting a consumer loan license. They are based in East Providence, Rhode Island. They will be making second mortgage loans using local title companies for closing. They currently operate in 7 states. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on April 3, 1996.
- 5.) Consolidated Mortgage & Financial Services Corporation is requesting a consumer loan license. They are based in Cary, North Carolina. They currently operate in 4 states. They will be using local Secretary of State as a loan broker. It is recommended that the license be issued. The request was approved by the Director under Delegated Authority on April 3, 1996.
- 6.) Carly Capital Corporation d/b/a Local Check Advance, Inc. is requesting a loan license. They will be based in Elwood. They will be making short-term, pay-day, type loans. They are aware of the disclosure requirements, maximum rates, etc. regarding this type of loan. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on April 3, 1996.

DIVISION OF CREDIT UNION

1.) **KEMBA INDIANAPOLIS CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

Request approval of a petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organization into the field of membership of the credit union:

Pearson Electric, Inc. - Indianapolis - 29 members
Pepper Construction Company - Indianapolis - 15 members

The request was approved by the Director under Delegated Authority on March 18, 1996.

2.) **TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**

Requested approval of a petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organization into the field of membership of the credit union:

Niteline Auto Service - Grovertown - 2 members
Sign Designs by McCaffery - South Bend - 4 members
H.B. Fuller Co. - Elkhart - 30 members
Ancilla Health Services - Mishawaka - 200 members
Behnke Engineering - Culver - 1 member
Crusin Classics - Fort Wayne - 2 members
Double K. Morgans - Plymouth - 2 members
Law Offices of Thomas P. Keller - South Bend - 3 members
Fulton Co. Historical Society, Inc. - Rochester - 4 members
AP Parts manufacturing Co. - Granger - 84 members
Brey, Inc. d/b/a Fast Eddies's - South Bend - 11 members

The request was approved by the Director under Delegated Authority on April 15, 1996.

3.) **TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**

Requested approval of a petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organization into the field of membership of the credit union:

Lee's - New Haven - 12 members
Bremer's True Value Hardware - New Haven - 5 members
Henderson Reed - Fort Wayne - 6 members

The request was approved by the Director under Delegated Authority on April 17, 1996.

There being no further business to come before the Members, the meeting was adjourned.

APPROVED:

ATTEST:

Mark Hasten, Chairman

J. Philip Goddard, Secretary